

Before the
FEDERAL COMMUNICATIONS COMMISSION
 Washington D.C. 20554 **RECEIVED**

FEB 23 2001

In the Matter of)

Multi-Association Group (MAG) Plan for
 Regulation of Interstate Services of Non-Price
 Cap Incumbent Local Exchange Carriers and
 Interexchange Carriers)

Federal-State Joint Board on Universal Service)

Access Charge Reform for Incumbent Local
 Exchange Carriers Subject to Rate-of-Return
 Regulation)

Prescribing the Authorized Rate of Return For
 Interstate Services of Local Exchange Carriers)

FEDERAL COMMUNICATIONS COMMISSION
 OFFICE OF THE SECRETARY

CC Docket No. 00-256

CC Docket No. 96-45

CC Docket No. 98-77

CC Docket No. 98-166

COMMENTS OF THE RONAN TELEPHONE CONSUMER ADVISORY COMMITTEE

The Ronan Telephone Consumer Advisory Committee is a volunteer community-based organization with seven members, which meets periodically to consider telecommunications and technology issues effecting the Ronan community on the Flathead Indian Reservation of western Montana, and to advise the Ronan Telephone Company from the perspective of local telephone consumers. The Committee has filed comments and testimony occassionally with the Montana Public Service Commission. This is the first time the Committee has filed comments with the FCC.

The Committee has considered the proposed MAG plan, and strongly believes that it is contrary to the long term best interests of rural subscribers in Ronan, and other rural areas of Montana and the nation. We therefore urge the FCC to reject the plan which has been proposed.

First and foremost, the Plan will result in strikingly large rate increases for basic local service for rural subscribers, many of which are economically stressed small farmers and ranchers, and low and fixed income persons. The proposed SLC increases to \$6.50 per line for residential lines and single line businesses and \$9.50 per line for multi-line businesses will result in the following percentage increases in Ronan's local rates:

Residential	25%
Single Line Business	14%
Multi-Line Businesss	15%

This is an unacceptably large basic rate increase for our or any rural community, especially in view of our low average per capita income of less than \$17,000 per year, and the essential nature of local service.¹ These impacts will likewise impact our Native American community, members of the Confederated Salish and Kootenai Tribes, of the Flathead Indian Reservation. Ronan Telephone's service area is entirely within the boundaries of the Flathead Reservation.

Furthermore, the MAG plan would dramatically decrease rural interstate switched access charge rates (approximately a 75% decrease for Ronan Telephone Company), without any foreseeable benefit to consumers. It is very improbable that this switched access charge decrease will result in any reduction in the long distance charges for Ronan subscribers or any rural consumers nationwide. The national long distance companies are very unlikely to reduce their unregulated nationwide toll rates due to rural access rate decreases because rural access charges are such a relatively small

¹ For example, for low volume subscribers in Ronan (average annual per capita income of less than \$17,000 per year), the increased SLC would represent a rate of 65 cents per minute for 10 minutes of interstate toll per month.

portion of their overall cost structure. The present situation demonstrates this, with the current rural interstate access charge rate levels, as rural customers can obtain “five cent” per minute and other special pricing offers made to the national public; these retail rates are often lower than rural access rates. If there are any benefits at all, (other than increasing the profits of AT&T, MCI and other Interexchange Carriers), they will be seen by the large volume business users, which only represent a very small component of the overall “public interest” and the population at large. The lack of price regulation of interstate Interexchange Carrier’s rates will assure these results.

Further, the access rates proposed in the MAG plan (initially 2.2 cents per minute, followed later by 1.6 cents per minute) are far below rural costs. The FCC’s HCPM cost model produces costs on average for rural Montana of 8.3 cents per minute. Even Ronan’s current average interstate access charges of 6.8 cents per minute are below the forward looking costs predicted in the FCC’s model. The MAG plan proposes extraordinarily low and uncompensatory access rates in a rural state like Montana, far out of line with reality.

Under the Plan, the current access structure would be replaced by a huge new addition to the Federal “subsidy” mechanism, which will make universal service funding an even more convenient and attractive political target in the future than it is today. The Plan’s resulting increases in the overall size of the Federal Universal Service Fund will exacerbate pressures to reduce or eliminate such programs, which will be increasingly characterized as “subsidies” or “corporate welfare”, rather than the crucial rural consumer protection mechanisms that it legitimately is. This policy direction is contrary to the public interest, contrary to universal service goals, and contrary to the cost

compensation requirements of statutory and constitutional law.

The question our Committee wishes the FCC to consider is: what is the necessity for increasing local rates for our community and dramatically reducing access charges (which are vital support for high quality local service at affordable rates) without any tangible or reasonably foreseeable consumer benefit? As a committee representing the consumers in our community, we fail to see any potential consumer benefits to the Plan. Maintaining the existing Subscriber Line Charges at current levels and not forcing rural carrier access charges far below the incumbent local carrier's costs is much more appropriate and consistent with the universal service policy goals mandated by the 1996 Federal Telecommunications Act.

In summary, the Committee believes that the proposed MAG Plan is directly contrary to the pre-eminent telecommunications policy of universal service, in that it would be detrimental to the promotion of universally available basic local service at affordable rates for all. The FCC should give serious consideration to the rural impacts on low income and low volume users, and refocus its concern on basic telecommunications policy. The Plan proposed is contrary to this policy and detrimental to the average rural resident and small business. Your rejection of the Plan will protect the residents of the Flathead Indian Reservation and the Mission Valley of Montana, as well as residents of sparsely populated rural areas nationwide, from unjustified rate shock and from the

prospects of further rate increases as the inevitable Intrastate consequences of this plan ripple through rural America.

Respectfully submitted,
The Ronan Telephone Consumer
Advisory Committee

A handwritten signature in black ink, appearing to read 'Corwin Clairmont', with a stylized flourish at the end.

Corwin "Corky" Clairmont
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